

EXHIBIT 9

Principal

**Global
Investors**

Post-Default Declaration Notice of Damage Calculation
and
Notice of Set-Off

September 19, 2008

Lehman Brothers Special Financing Inc.
c/o Lehman Brothers Inc.
Transaction Management Group
Corporate Advisory Division
745 Seventh Avenue
New York, NY 10019

Attention: Documentation Manager

Re: Principal Life Insurance Company

Attention: Documentation Manager

We refer to the ISDA Master Agreement dated June 30, 2004 (the "Agreement"), as subsequently amended September 22, 2006. Capitalized terms used and not otherwise defined in this notice shall have the meanings given them in the Agreement.

We refer to the declaration of default (copy attached) delivered to you on September 16, 2008 with respect to the Agreement.

Principal Life Insurance Company has exercised remedies in connection with the default described in the declaration and has determined that, due to set-off, no payment is owed to Lehman Brothers Special Financing Inc. in connection with the Settlement Amounts. Details of our calculation of such final amount are attached as Exhibit A. Details of our calculations on the terminated trades Settlement Amounts are set forth on Exhibits B and C, attached.

In accordance with Section 6(f) of the Agreement, as amended by Part 5(a) of the Schedule to the Agreement, Principal Life Insurance Company hereby provides notice of its exercise of rights of set-off under Section 6(f). In that regard, the Other Agreement Amount, as defined in Section 6(f), is detailed in Exhibit D attached hereto, against which the Early Termination Amount is set-off in the amount of US\$4,986,767.54.

We continue to reserve all rights under the Agreement, including, without limitation, to declare you to be in default in respect of any other default that may occur under the terms of the Agreement, and all rights we may have with respect to other transactions and other agreements with you or your affiliates. Specifically, we reserve the right to claim any other costs, expenses and damages provided by the Agreement or at law.

This letter shall constitute the statement referred to in Section 6(d) of the Agreement.

Please direct all correspondence in connection with this Notice to:

Principal Life Insurance Company
Attn: Debra Svoboda Epp, Counsel
711 High Street
Des Moines, Iowa 50265
Fax 515-287-4027
Phone 515-247-0900

**Principal Global Investors, LLC,
as authorized signatory for Principal Life
Insurance Company**

By: 

Name: **TIMOTHY WARRICK, Portfolio Manager**

Title:

By: 

Name: **David Blake**

Title: **Executive Director**

Principal Life Insurance Company

EXHIBIT A

Principal Life Insurance Company - Lehman Brothers Special Finance ISDA Statement of Early Termination Date - Settlement Amount and Set Off

As of September 16, 2008:

(47,541,527)	Amount due LBSF on Settlement Amounts (see Exhibit B)
42,554,759.46	Value of Collateral held by LBSF (See Exhibit C)
-4,986,767.54	Net Settlement Amount (due LBSF by PLIC)

Set-off Calculation:

PLIC set off against amounts owed LBSF re Coral CP Trust Muni-FPA:

31,781,578.33	Total Est. Claim of PLIC vs LBSF re Coral CP Trust Muni-FPA (See attached Exhibit D) (as of September 16, 2008)
-4,986,767.54	Settlement Amount Due Lehman, available for set off per ISDA Schedule Part 5 (a) (from above)
4,986,767.54	Amount set off against ISDA Settlement Amounts payable
26,794,810.79	Balance of est claim against Lehman on Coral CP Trust Muni-FPA after set-off (Remaining Exposure to Lehman on contract of after set off)